



MICROENTERPRISE ACCESS TO BANKING SERVICES

April 1 – June 30, 2004
Performance Monitoring Report

TWENTY-SIXTH QUARTER

Submitted By:
Chemonics International Inc.
Manila, Philippines

In association with:
Rural Bankers Association of the Philippines

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Executive Summary

This document serves as the Microenterprise Access to Banking Services (MABS) Program's Twenty-sixth Quarterly Performance Report, covering the period April 1 through June 30, 2004. It also lays out the workplan for the next quarter.

The MABS program is a USAID-financed effort implemented by the Rural Bankers Association of the Philippines (RBAP) with oversight provided by the Mindanao Economic Development Council (MEDCo). Technical assistance, training, and program management are provided by Chemonics International, a firm contracted by USAID. The MABS program is one of the principal elements of USAID/Philippines' efforts to accelerate the economic transformation of Mindanao and other parts of the Philippines through expanded participation of lower-income groups in productive activities. MABS is directed at bringing about a sizable expansion of banking services—both loans and savings—to microenterprises and other groups at lower socio-economic levels. The MABS Program is designed to assist rural banks in the Philippines to develop the capability to profitably provide loans and deposit services to microenterprises. MABS is working with banks primarily in Mindanao but also supports the expansion of banking services to microenterprises in Luzon and Visayas. In 2003, MABS launched the MABS Service Provider (MSP) Program to accelerate the installation of the *MABS Approach* and to ensure the sustainability of the Program's activities. MSPs—private organizations—were trained and licensed to offer MABS Approach Training and Technical Services (MATTS) to interested rural banks.

Through MABS efforts, a minimum of 180 rural and cooperative rural bank branches in the Philippines will be encouraged and assisted to significantly increase the services they provide to the microenterprise sector. These efforts are intended to demonstrate to participating banks (PBs) that it can be sensible and profitable to offer services to the microenterprise sector as a regular part of their portfolios. In turn, it is expected that the successful example of participating banks will encourage many more banks to look seriously at servicing the microenterprise market.

MABS has provided direct support to 167 rural banking units, which in turn, have disbursed Php4.21 billion (US\$75.2 million) in microloans to more than 137,000 new borrowers since 1999. The 146 lending bank units have more than 57,000 active microborrowers, with an outstanding microloan portfolio of more than Php404 million (US\$7.6 million). 221,000 new microdepositors have opened accounts with MABS participating banks (PBs), bringing the overall total of microdepositors served by MABS participating banks to more than 596,000. Microdeposit balances have increased by Php352 million (US\$6.3 million) for a total of more than Php700 million (US\$13 million).

The Program's activities during the 26th Quarter further strengthened the sustainability institutions established and provided PBs with focused technical assistance in marketing, savings mobilization, staff management, and performance reports-generation.

Five new training modules - time management, marketing, service quality, salesmanship, and savings mobilization- were developed and introduced during the Quarter. These new modules were designed to equip PBs' staff with the required selling skills, assist PBs in

formulating marketing strategies, increase PBs' deposit mobilization capabilities, and improve PBs' service quality.

The Luzon Supervisors' Forum focused on enhancing supervisory skills through discussions on the roles of the supervisor, corrective and preventive approaches to problem solving, productive conflict management, harnessing Filipino values for team building, and enhancing staff discipline and motivation. Forum participants shared actual workplace challenges and outlined preventive and corrective measures.

The development of the automated MABS Performance Monitoring System (MPMS) was completed during the quarter. The scaled-down version automates data at the branch level, greatly improving performance monitoring. Three MPMS orientation and training sessions were conducted; 72 microfinance unit (MFU) staff from 36 PBs attended the training/orientation sessions.

MSPs also made significant progress in the installation of the *MABS Approach* to additional rural banks. Associated Resources for Management and Development, Inc. (ARMDEV) has completed two rollouts and has completed the delivery of classroom training to its third rollout, consisting of four Visayas-based rural banks. The provision of technical assistance will be completed in August 2004. Punla has completed two rollouts, consisting of six rural banks.

At the close of the quarter, the cumulative amount of loans disbursed by MABS PBs exceeded Php4 billion. Also, the Program has already exceeded its end-September 2004 cumulative number of new borrowers and new microdepositors targets. Forums and roundtables are scheduled for the next quarter, with the account officers' incentives scheme as focus. Additional learning centers will also be trained during the next quarter.

Accomplishments and Activities during the Twenty-sixth Quarter (April 1 – June 30, 2004):

- Thirty-six participants from 11 Luzon MABS PBs attended the microfinance (MF) refresher course, where four new topics – time management, marketing, service quality, and salesmanship – were introduced. Other topics discussed during the course were: microfinance best practices, credit and background investigation (CI/BI), cashflow lending, zero tolerance toward loan delinquency, and remedial loan management.
- The 2nd Luzon Microfinance Supervisors' Forum was held, with the main objective of enhancing supervisory skills by providing participants with additional skills in staff management. Thirteen managers and MFU supervisors from nine Luzon PBs attended the forum. Participants shared actual challenges in the workplace and outlined corrective and preventive measures. The following modules were discussed during the forum: the roles of the supervisor, corrective and preventive approaches to problem solving, productive conflict management, harnessing Filipino values for team building, and enhancing staff discipline and motivation.

- The Program conducted a seven-day workshop to train the third batch of MABS Technical Resource Specialists (MABSTeRS). Thirteen MFU supervisors and officers of eight Mindanao PBs completed the workshop. Two new additions to MABS' training modules - marketing and service quality - were presented during the workshop, in addition to the standard training modules (MF best practices, credit and background investigation, cashflow analysis, and zero tolerance towards delinquency).
- MABS Service Provider Associated Resources for Management and Development, Inc. (ARMDEV) completed the classroom training of its third rollout banks, consisting of four Visayas-based rural banks. Consultants will complete the delivery of technical assistance in August. Punla sa Tao Foundation completed its 1st and 2nd rollouts, consisting of five Luzon rural banks and a Visayas-based rural bank. Ten months after the launch of the MSP Program, 27 additional rural banks have received MATTS.
- A jewelry appraisal course was conducted to prepare PBs for the rollout of jewelry loans. Twenty-one participants from eight Mindanao PBs attended the workshop, where they learned different techniques for appraising gold, diamonds, and other gemstones.
- MABS consultants conducted an on-site workshop to pilot test the savings mobilization module. The module was developed to form part of MABS' standard training modules.
- A total of 72 MFU staff members from 36 participating banks were oriented to and trained on the MABS Performance Monitoring System (MPMS) during three separate training seminars. Developed in 2003 to improve the monitoring of PBs' performances, the new system automates all reporting at the branch level.
- The Program gave an orientation seminar on microfinance to regional project evaluation officers of the Department of Social Welfare and Development. The orientation seminar is part of the agency's steps towards improving its microfinance services.
- The *MABS Approach* and the Program were highlighted in two international conferences on microfinance: in the Global Network for Banking Innovation in Microfinance held in Mexico City and in the Asia Society-sponsored meeting, *Innovations in Microfinance: Spotlight on Financial Integration*.
- Three microloan clients of MABS PBs won major awards in the 2004 *Citigroup Microentrepreneur of the Year Awards*. The awards aim to recognize successful microentrepreneurs in the Philippines and to create a greater public awareness on the role of microfinance and microenterprises toward employment generation and poverty reduction.
- A study on microfinance loan officer incentives scheme was completed.

- Chemonics submitted the Twenty-fifth Quarterly Performance Monitoring Report.

For the Twenty-seventh Quarter, July 1 – September 30, 2004, MABS will:

- Hold the 2nd Luzon-Visayas Regional Roundtable Conference.
- Hold the 6th Mindanao Microfinance Supervisors' Forum.
- Hold the Mindanao Regional Roundtable Conference.
- Hold a microfinance refresher course for Mindanao PBs.
- Conduct training on standardized program for bank hosting for Learning Centers (LCs).
- Closely monitor ARMDEV's fourth rollout and Punla's third rollout.
- Organize a roundtable meeting for MSP banks.
- Organize an exposure visit for other ARMM/CAAM banks to observe the microfinance operations of Maranao Rural Bank.
- Conduct a savings mobilization workshop for ARMM/CAAM banks.
- Conduct a delinquency management and internal control workshop for ARMM/CAAM banks.
- Facilitate in the strategic planning sessions of RB Cotabato and RB Malabang.
- Hold the 2nd RB2000 Users' Conference.
- Set up the RB2000 website.
- Coordinate with the RBAP on the expansion of the Bankers Association of the Philippines Credit Bureau to the rural bankers' federation level.
- Develop the RB2000 automated credit bureau data interface and update the BSP reporting system.
- Develop and start the pilot testing of a new micro-agri loan product with select banks in Mindanao.
- Complete the MABS Progress Report.
- Submit the Twenty-seventh Quarterly Performance Monitoring Report.

Contractor's Report

1. MABS Oversight.

MABS receives overall program guidance from a Steering Committee, composed of a representative from the Office of the President, the Executive Director of the Rural Bankers Research and Development Foundation Inc. (RBRDFI), a USAID representative, the RBAP President, and the Chairperson of the Mindanao Economic Development Council (MEDCo). This committee identifies focal areas for program coverage and formulates and concurs with major policies that guide the MABS Program.

MABS receives guidance and support on implementation matters from a Management Committee. This committee is comprised of the Executive Director of MEDCo and the USAID Cognizant Technical Officer (CTO). The Management Committee approves all expenditures from the MABS Special Activities Fund (SAF), which is used to facilitate the implementation of the activities to be carried out under MABS, including special studies, training, commodity and technical support, incentive schemes, and procuring services of organizations or individuals needed to carry out specialized tasks.

The MABS Program got underway in April 1998 and has been extended to September 2004. It is a cost-plus-fixed-fee (CPFF) completion contract. The estimated cost for the performance of the work required in the contract, exclusive of fixed fee, as amended in August 2003, is \$11,907,086.67. The fixed fee is \$592,913.33. The estimated cost plus fixed fee is \$12,500,000.00. The contract budget is broken down into two Contract Line Item Numbers (CLINS), one for Expanding Access to Banking Services (\$9,958,832.00) and the other for the Special Activities Fund (\$2,541,168.00).

2. Expected Results

The objectives and targets for September 2004 are:

1. A minimum of 180 rural banks and bank branches from throughout the Philippines will receive MABS assistance.
2. These banks will altogether expand their portfolios to reach a total of at least 57,500 active borrowers by September 2004 and reach 125,000 cumulative new borrowers by September 2004.
3. Enroll at least 200,000 new microdepositors among all participating banks.
4. At least half of the participating banks will have decided to make microenterprise services a continuing and significant part of their portfolios, and will have taken the steps required to properly and profitably service the microenterprise market.
5. An effective and "USAID-accepted" anti-backsliding program focused on participating banks that have "graduated" from the MABS program developed and being implemented by RBAP.
6. An RBAP-MABS microfinance training and technical services program in place utilizing licensed consultants/organizations capable of carrying out the installation of the *MABS Approach* in participating rural banks.

7. An appropriate fee structure developed and implemented for various services to be offered by RBAP-MABS-licensed consultants/organizations to prospective participating banks, “graduated” banks, non-participating banks, and other institutions.
8. An appropriate manual of bank examination for rural banks and other regulated institutions engaged in microfinance accepted and utilized by the Bangko Sentral ng Pilipinas.
9. Installation of the *MABS Approach* into at least three new participating banks servicing religious and ethnic minority communities of Mindanao.
10. Significant expansion of the number of clients belonging to ethnic and minority groups being served by at least five participating banks in areas outside of the predominantly minority communities of Mindanao.
11. Establishment of a credit reference service that will be helpful in the overall effort to enable rural banks to effectively and profitably service the microenterprise market.
12. Support for the development of an appropriate microfinance software that will enable bank management to support a viable and sustainable microfinance operations.

It should be noted that the MABS Program is being extended until September 2007 and new targets will be negotiated during the next quarter.

3. Current Core Activities: MABS Activities

The current 2004 MABS workplan covers the period January 1, 2004 through September 30, 2004. The contractor is responsible for ensuring that these major components are addressed:

1. Bank Strengthening and Anti-Backsliding
2. Sustainable MABS Technical Services
3. Expansion of Banking Services to Religious and Ethnic Minorities
4. Microfinance Policy and Standards
5. Monitoring and Evaluation
6. Other Activities
7. Project Management

Below are highlights of the tasks accomplished in the Twenty-sixth Quarter (April 1 – June 30, 2004) and tasks planned for the Twenty-seventh Quarter (July 1 – September 30, 2004).

1. Bank Strengthening and Anti-Backsliding

To ensure that there is no deterioration in a participating bank’s (PB) MFU performance, various activities have been conducted: PB selection, diagnostic evaluations, organizational and human resource development, systems development and installation, loan product development, preparation of manuals, and improvement of marketing skills. The component also includes training activities such as formal course work, workshops, seminars, on-the-job

training, internship, study tours, and other capacity-building initiatives.

Tasks completed in the Twenty-sixth Quarter:

Task One. Conduct a microfinance refresher course for Luzon PBs. Thirty-six participants from 11 Luzon MABS PBs attended the course. Aside from discussing MABS standard refresher



course modules (microfinance best practices, credit and background investigation (CI/BI), cashflow lending, zero tolerance toward loan delinquency, and remedial loan management), four new modules – time management, marketing, service quality, and salesmanship – were also introduced during the refresher course. The course's exercises and group work emphasized on the improvement of interview skills and cashflow analysis.

Task Two. Hold the 2nd Luzon Microfinance Supervisors' Forum. Thirteen managers and MFU supervisors from nine Luzon PBs attended the forum. The forum's objective was to equip supervisors with additional staff management skills through discussions on the following modules: the roles of the supervisor, corrective and preventive approaches to problem solving, productive conflict management, harnessing Filipino values for team building, and enhancing staff discipline and motivation.

Tasks to be completed in the Twenty-seventh Quarter:

Task One. Hold the 2nd Luzon-Visayas Regional Roundtable Conference. The conference will focus on enhancing bank performance through the adoption of a staff incentives scheme.

Task Two. Hold the 6th Mindanao Microfinance Supervisors' Forum

Task Three. Hold the Mindanao Regional Roundtable Conference.

Task Four. Hold a microfinance refresher course for Mindanao PBs.

2. Sustainable MABS Technical Services

To ensure the sustainability of the MABS Program's activities and to accelerate the dissemination of the *MABS Approach* to Microfinance, the Program developed training and technical services capabilities of private organizations, individuals, and selected MABS participating banks.

MSPs are consultants from local firms that have undergone extensive training and hands-on technical assistance. They are authorized as fully capable of assisting rural banks to establish MFUs. MABS Technical Resource Specialists are rural bankers who have been trained to deliver refresher courses while Learning Centers (LCs) are outstanding participating banks

that best exemplify *MABS Approach* best practices and allow an on-site venue for interested rural banks to visit.

With the official launch of the MSP Program, the certification of MABSTeRS, and the establishment of LCs, the *MABS Approach* will be installed in an increased number of rural banks to ultimately benefit more microentrepreneurs.

Tasks completed in the Twenty-sixth Quarter:

Task One. Train the third batch of MABS Technical Resource Specialists. The Program conducted a seven-day workshop to train the third batch of MABSTeRS. Thirteen MFU supervisors and officers from eight Mindanao PBs completed the workshop. The marketing and service quality modules were discussed during the workshop, in addition to the standard training modules (MF best practices, credit and background investigation, cashflow analysis, and zero tolerance towards delinquency).

Task Two. Monitor MSPs' MATTS rollout. MABS Service Provider Associated Resources for Management and Development, Inc. (ARMDEV) completed the delivery of classroom training and technical assistance to its third rollout banks, consisting of four Visayas-based rural banks. Punla sa Tao Foundation completed its 1st and 2nd rollouts, consisting of seven Luzon rural banks, a Visayas-based rural bank, and a rural bank in Mindanao. Ten months after the launch of the MSP Program, 27 additional rural banks have received MATTS.



Tasks to be completed in the Twenty-seventh Quarter:

Task One. Provide additional LCs with training on standardized program for bank hosting. Five additional LCs have been selected – four Luzon PBs and one additional Mindanao PB. A standardized program for bank hosting was developed for LCs – training on this program will be conducted in the next quarter.

Task Two. Closely monitor ARMDEV's fourth rollout and Punla's third rollout.

Task Three. Organize a roundtable meeting for MSP banks.

Task Four. Conduct quality audits of the MSP rollout banks' MFU performances.

3. Expansion of Banking Services to Religious and Ethnic Minorities

To reach out to clients in Conflict Affected Areas in Mindanao (CAAM) and the Autonomous Region in Muslim Mindanao (ARMM), the MABS Program aims to install the *MABS Approach* in at least three new participating banks and provide technical assistance to at least five new existing participating banks.

Tasks Completed in the Twenty-sixth Quarter:

Task One. Conduct a jewelry appraisal course to prepare banks for the rollout of jewelry loans. A jewelry appraisal course was conducted to prepare PBs for the rollout of jewelry loans. Twenty-one representatives from eight Mindanao PBs attended the workshop, where they learned different techniques for appraising gold, diamonds, and other gemstones.

Microenterprise clients who do not qualify for regular microloans or who need loans immediately can obtain loans through jewelry pledges. Offered at about the same interest rates as regular microloans, jewelry loans have a relatively short processing time and can be released immediately after the appraisal of the pledged asset.



Task Two. Pilot-test the savings mobilization module. MABS consultants conducted an on-site workshop to pilot test the savings mobilization module, which was developed to form part of MABS' standard training modules.

Tasks to be completed in the Twenty-seventh Quarter:

Task One. Organize an exposure visit for other ARMM/CAAM banks to observe the microfinance operations of Maranao Rural Bank.

Task Two. Conduct a savings mobilization workshop for ARMM/CAAM banks.

Task Three. Conduct a delinquency management and internal control workshop for ARMM/CAAM banks.

Task Four. Facilitate in the strategic planning sessions of RB Cotabato and RB Malabang.

Task Four. Assist ARMM/CAAM banks in the documentation and development of their jewelry loan manuals, as well as in the rollout of jewelry loans.

4. Microfinance Policy and Standards

In coordination with USAID and USAID-financed projects, MABS will undertake a number of policy initiatives related to microfinance operations of rural banks.

Tasks Completed in the Twenty-sixth Quarter:

Task One: Provide inputs in the finalization of the Microfinance Performance Standards for all types of Philippine Microfinance Institutions.

Tasks to be Completed in the Twenty-seventh Quarter:

Task One. Issue compliance certifications to 5th rollout banks.

Task Two. Issue compliance certifications to MSP-trained banks.

5. Monitoring and Evaluation

This component includes activities relating to the establishment of monitoring and evaluation systems for use by the individual participating banks, the MABS project team, and RBAP. In addition, special studies, briefs, impact assessments and other evaluations are included in this component.

Tasks Completed in the Twenty-sixth Quarter:

Task One. Continue to evaluate monthly MFU performance. As of June 30, 2004, the 146 bank units reporting to MABS had 57,444 active micro borrowers with an outstanding loan portfolio of PhP404M (US\$7.6 million). From January 1998 up to June 2004, the number of microdepositors increased by 221,085 and microdeposit balances increased by PhP352,423,884 (US\$6.4 million).

Task Two. Continue close monitoring of portfolio at risk ratios of participant banks. MABS continued to monitor the portfolio at risk ratios of participating banks. The consolidated portfolio at risk ratio over 30 days of MABS banks as of June 30, 2004 was 3.67%

Task Three. Conduct MABS Performance Monitoring System training and orientation. A total of 72 MFU staff members from 36 participating banks were oriented to and trained on the MABS Performance Monitoring System (MPMS) during three separate training seminars. Developed in 2003 to improve the monitoring of PBs' performances, the new system automates all reporting at the branch level.



Tasks to be completed in the Twenty-seventh Quarter:

Task One. Continue monitoring of the MPMS rollout.

Task Two. Continue close monitoring of portfolio at risk ratios of participant banks.

6. Other Activities

All initiatives dealing with the development and strengthening of the RBAP, including training specifically directed to this organization, will be programmed under this component.

Tasks Completed in the Twenty-sixth Quarter:

Task One. Present the MABS Program and the MABS Approach at an orientation seminar on microfinance sponsored by the Department of Social Welfare and Development (DSWD). During the presentation, DSWD regional project evaluation officers were briefed on the Program's activities, status, and work with rural banks. The orientation seminar is part of the agency's steps towards improving its microfinance services.

Task Two. Present the MABS Program and the MABS Approach in two international microfinance conferences. The MABS Approach and the Program were highlighted in two international conferences on microfinance: in the Global Network for Banking Innovation in Microfinance held in Mexico City and in the Asia Society-sponsored meeting, Innovations in Microfinance: Spotlight on Financial Integration.

Task Three. Three microenterprise clients of MABS participating banks win major 2004 Citigroup Microentrepreneur of the Year Awards. The national selection committee of the 2004 Citigroup Microentrepreneur of the Year Awards named microloan clients of the Rural Bank of Santo Tomas, the Rural Bank of Talisayan, and the First Isabela Cooperative Bank as winners. The awards aim to recognize successful microentrepreneurs in the Philippines for their role in employment generation and poverty reduction.



Task Four. Complete a study on microfinance loan officer incentives scheme. Fulbright scholar Zaki Raheem completed an analysis of microfinance loan officer incentive schemes. He will present his findings during roundtable meetings during the next quarter.

Tasks to be Completed in the Twenty-seventh Quarter:

Task One. Hold the 2nd RB2000 Users' Conference.

Task Two. Set up the RB2000 website.

Task Three. Coordinate with the RBAP on the expansion of the Bankers Association of the Philippines Credit Bureau to the rural bankers' federation level.

Task Four. Conduct training on the Personal Digital Assistant (PDA) Module for CI/BI and Cashflow Interface.

Task Five. Develop the RB2000 automated credit bureau data interface.

7. Program Management

Program management takes into account meetings, project evaluations, reports submission, visits by Chemonics' home office staff, and other activities related to overall project management.

Tasks Completed in the Twenty-sixth Quarter:

Task One. Submit the Twenty-fifth Quarterly Performance Monitoring Report covering January 1 – March 31, 2004. Chemonics submitted the Twenty-fifth Quarterly Performance Monitoring Report covering January 1 – March 31, 2004.

Tasks to be completed in the Twenty-seventh Quarter:

Task One. Submit the Twenty-sixth Quarterly Performance Monitoring Report covering April 1 – June 30, 2004.

4. Performance

Current status vs. expected end of project results

Expected end of project results	Current Status
1. A minimum of 180 rural bank units (head offices and branches) from throughout the Philippines will receive MABS assistance.	One hundred sixty-seven head offices and branches of 66 rural banks have now received technical assistance from MABS. The 167 bank units consist of the pilot, 1 st rollout, 2 nd rollout, 3 rd rollout, 4 th rollout, 5 th rollout, 6 th rollout, and the MSP rollout banks.
2. Participating banks will expand their portfolios to include a total of at least 57,500 active microenterprise borrowers among all participating banks. The cumulative number of new borrowers served by MABS participating banks should reach a total of at least 125,000.	As of June 30, 2004, the total number of outstanding microfinance borrowers for the banks/bank branches reporting was 57,444 or 99.9% of the target. The cumulative number of new borrowers reached by participating banks was 137,761 or 110% of the target.
3. Increase the number of microenterprise depositors to reach a total of at least 200,000 new microdepositors among all participating banks	As of June 30, 2004, the net change in the number of active micro depositors for the bank branches reporting was 221,085 or 111% of the target.
4. At least half of the participating banks will have decided to make microenterprise services a continuing and significant part of their portfolios, and will have taken the steps required to properly and profitably service the microenterprise market.	June 30, 2004 figures show that of the 38 MABS banks operating a MFU for more than 12 months, 37 realized a positive net income; only one reported negative net income.
5. An effective and “USAID-accepted” anti-backsliding program focused on participating banks that have “graduated” from the MABS Program	<p>MABS focuses on the following activities to meet this objective:</p> <p>(a) Roundtable Discussions with top management of participant banks on methods for addressing backsliding and maintaining best practices; and</p> <p>(b) Microfinance Supervisors’ Forums, which aim to provide MFU supervisors the opportunity to share and learn from each other’s experiences in managing their micro loan portfolio and reinforce best practices.</p> <p>At the end of the 26th Quarter, the Program had conducted the 2nd National Roundtable Conference, the 2nd Luzon Microfinance Supervisors’ Forum, and the 2nd Luzon-Visayas Regional Roundtable Conference.</p>

<p>6. An RBAP-MABS microfinance training and technical services program in place utilizing licensed consultants/organizations capable of carrying out the installation of the <i>MABS Approach</i> in participating rural banks.</p>	<p>Three training and technical capacities were launched in 2003: the MSP Program, the MABSTeRS, and the LCs. The MSPs have been authorized to install the <i>MABS Approach</i> to additional rural banks. In November 2003, the MSPs delivered a series of 14 one-day <i>Introduction to MABS</i> seminars to more than 450 senior managers of 245 rural banks across the country. At the end of the 26th quarter, the MSPs have completed the delivery of all MATTS modules to 13 additional rural banks. One has completed the training nine rural banks while the other MSP has trained five additional rural banks.</p> <p>MABSTeRS are microfinance practitioners who have been trained to deliver refresher courses and support the MSPs' activities. Presently, there are 35 trained resource specialists, 12 of whom are accredited. The third batch of MABSTeRS completed a seven-day workshop in June 2004.</p> <p>LCs are model participating banks that best showcase <i>MABS Approach</i> best practices. Two LCs were established in Mindanao; five additional rural banks have been selected as LCs. Four are Luzon PBs and an additional LC will be established in Mindanao.</p>
<p>7. An appropriate fee structure for various services to be offered by RBAP-MABS licensed consultants/organizations to prospective participating banks, "graduated" banks, non-participating banks, and other institutions developed and implemented.</p>	<p>As of June 30, 2004, the MABS Approach package fee charged by MSPs range from Php130,000 to Php166,000 exclusive of miscellaneous and incidental expenses.</p>
<p>8. An appropriate manual of bank examination for rural banks and other regulated institutions engaged in microfinance accepted and utilized by the Bangko Sentral ng Pilipinas.</p>	<p>An independent consultant hired under the project worked with the BSP to institute changes that were pilot tested from May to June 2003. These changes were incorporated into the BSP examination manual in July 2003. More than 239 bank examiners were trained in the new procedures in August 2003 and January 2004. In January 2004, the BSP further amended the loan loss provision requirements for microfinance operations based on recommendations by the independent consultant. During the quarter, MABS conducted three training sessions to orient 119 BSP examiners on the modifications made to the bank examiner's manual.</p>

<p>9. Installation of the <i>MABS Approach</i> into at least three new participating banks servicing religious and ethnic minority communities in Mindanao.</p>	<p>The ManCom approved the participation of three ARMM/CAAM banks in the Program. These banks have received training and technical assistance in the following areas: gap analysis; senior managers' exposure training; strategic planning; effective banking systems and procedures; improving organizational structure, governance and management capability; and enhancing existing group loan products. Product Development and CIBI/Cashflow Analysis training and technical assistance were conducted last year.</p> <p>MABS consultants are providing ARMM/CAAM banks with technical assistance in the rollout of jewelry loans. A jewelry appraisal course was conducted in June in preparation for the offering of jewelry loans. The savings mobilization module was pilot-tested during a workshop conducted at the Rural Bank of Tacurong. MABS will be holding workshops on this module, as well as the delinquency management module, in the next quarter.</p>
<p>10. Significant expansion of the number of clients belonging to ethnic and minority groups of at least five participating banks in areas outside of the predominantly minority communities of Mindanao.</p>	<p>Five additional banks have been approved for participation in the Program; work with three of these banks started in May 2003. Two ARMM/CAAM banks - one new and one existing- have started receiving technical assistance to strengthen microfinance operations.</p>
<p>11. Establishment of a credit reference service that will be helpful in the overall effort to enable rural banks to effectively and profitably service the microenterprise market.</p>	<p>The Bankers' Association of the Philippines' Credit Bureau (BAP-CB) program was expanded to Luzon with two MOUs with BAP-CB signed by one regional confederation and one local federation in Metro Manila. BAP-CB continued to offer training to RBs in collaboration with MABS. A MOU between RBAP and BAP was signed during the RBAP National Convention in April 2004. The MOU will provide a rebate of subscription fees, which will be returned to rural bank federations to expand credit bureau services to more rural banks.</p>
<p>12. Support for the development of an appropriate microfinance software that will enable bank management to have a viable and sustainable microfinance operations.</p>	<p>Version 1.1 of RB2000 was completed and certified by RBAP in April 2003. The BSP has validated RB2000 v.1.1 as compliant with their reportorial requirements. MABS is presently monitoring the rollout of the new version. As of June 2004, RB2000 has been installed in 70 Rural Banks (107 bank units).</p> <p>MABS conducted two sessions to brief 140 BSP bank examiners on RB2000.</p>

Administrative Information

CLIN #1 Total Estimated Cost	\$9,958,832.00
1. Expenditures (April 1 – June 30, 2004)	\$246,624.01
2. Cumulative Expenditures Through June 30, 2004	\$9,251,097.62
3. Remaining Unexpended Balance	\$707,734.38
CLIN #2 Total Estimated Cost	\$2,541,168.00
1. Expenditures (April 1 – June 30, 2004)	\$14,645.23
2. Cumulative Expenditures Through June 30, 2004	\$2,193,938.13
3. Remaining Unexpended Balance	\$347,229.87
Total CLIN #1 & CLIN #2 Total Estimated Cost	\$12,500,000.00
1. Total Expenditures (April 1 – June 30, 2004)	\$261,269.24
2. Total Cumulative Expenditures Through June 30, 2004	\$11,445,035.75
3. Total Remaining Unexpended Balance	\$1,054,964.25

Special Activities Fund (SAF) Requests Approved during the Quarter:

SAF No. 84 – Request for Approval of Rural Banks Qualified for MABS Support under SAF 84

In order to reach the targeted MABS rollout of 50 rural banks in the next ten months, licensed MSPs must have signed agreements with at least 25 rural banks by January. SAF 84 will provide limited financial support for rural banks that commit and contract MSPs to receive full MABS Approach Training and Technical Services (MATTS).

To qualify for support, an interested rural bank must have a CAMELS rating of 3.0 or higher, and must submit a letter of interest, board resolution, certificate of good standing with the RBAP, and a signed agreement with a MABS service provider.

Status:

Twenty-one (21) rural banks have qualified for support. As of the end-June, Associated Resources for Management and Development Inc. (ARMDEV) has completed the delivery of classroom training and technical assistance to nine banks. Punla sa Tao Foundation Inc. completed the delivery of MATTS to five rural banks. ARMDEV will complete the delivery of technical assistance to its third rollout banks in the next quarter while Punla is training three more rural banks.

SAF No. 90 –Support for the Performance Monitoring System Training

MABS has developed a scaled-down version of the Performance Monitoring System (PMS) that consolidates the performance reports on the bank level. The new system was pilot-tested in three participating banks last Quarter. In preparation for the official rollout, training sessions were held in Mindanao, the Visayas and Luzon.

Status:

A total of 72 microfinance unit staff members from 36 participating banks (PBs) were oriented to and trained on the MABS Performance Monitoring System (MPMS) during three separate seminars. Northern Mindanao and Visayas PBs were trained on May 7-8 in Cagayan de Oro City; training for Southern Mindanao PBs was held on May 14-15 in Davao City. The Luzon training was conducted on May 21-22 in Manila.

SAF No. 91 –Funds for Ten (10) Rural Banks for MABS Support

In November 2003, 25 additional rural banks qualified for support and received MABS Approach Training and Technical Services (MATTS). In seven months, the MABS Service Providers (MSPs) delivered training and technical assistance of all MATTS modules to the 25 rural banks.

Through the approval of SAF Request No.91, MATTS will be provided to an additional ten qualified rural banks. The basic requirements for qualification include CAMELS rating of at least 3.0 or higher, submission of letter of interest, board resolution, certificate of good standing issued by the Rural Bankers Association of the Philippines, and a signed agreement with an MSP.

Status:

The applications of four rural banks have been approved; MATTS installation is ongoing. The applications of other interested rural banks are still being evaluated to fill in the remaining six slots.

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						Invoice 77 Apr 2004	Invoice 78 May 2004	Invoice 79 Jun 2004	Quarter 26 Total					Invoiced	Remaining
															\$2,325,633.15
1	Best Practices Workshop	Attendance was successful. Participating banks came from 89 rural/cooperative banks in Mindanao. MABS program was defined. Interest in MABS was established.	Apr-98	Closed	\$4,131.00				\$0.00	\$1,545.28	\$2,585.72			\$1,545.28	\$2,324,087.87
2	MIS Study	RBRDFI staff involvement in MIS assessment.	Apr-98	Closed	\$805.47				\$0.00	\$283.29	\$522.18			\$283.29	\$2,323,804.58
3	Product Development Workshop	Rural banks and regional Federation presidents were invited. Participants rated invited speakers from CARD and San Leonardo Rural Bank very helpful.	Jun-98	Closed	\$4,728.72				\$0.00	\$3,208.62	\$1,520.10			\$3,208.62	\$2,320,595.96
4	Market Survey, Fixed-Price	TRENDS-MBL will conduct a survey of microenterprises in each of the PB market areas. This request also includes 2 research assistants for one month each. Exceeded budget due to forex drop	Jul-98	Closed	\$15,373.81				\$0.00	\$17,162.14	-\$1,788.33	-\$1,788.33		\$17,162.14	\$2,303,433.82
5	Training Preparation - Boypee Panganiban	Boypee Panganiban will come to Davao for 5 days to assist in preparing training sessions for upcoming regional workshops.	Jul-98	Closed	\$2,155.79				\$0.00	\$1,042.13	\$1,113.66			\$1,042.13	\$2,302,391.69
6	RBRDFI Involvement in MIS Development	P. Crisosotomo's (RBRDFI) Staff travels	Jul-98	Closed	\$1,640.00				\$0.00	\$3,188.88	-\$1,548.88	-\$1,548.88		\$3,188.88	\$2,299,202.81
7	Loan Repayment Workshop	B. Pendleton's Loan Repayment workshop	Aug-98	Closed	\$5,734.76				\$0.00	\$3,978.81	\$1,755.95			\$3,978.81	\$2,295,224.00
8	Cash Flow Lending workshop	B. Panganiban's Regional Workshops	Sep-98	Closed	\$25,573.29				\$0.00	\$20,142.07	\$5,431.22			\$20,142.07	\$2,275,081.93
9	Case Study of PAICOP	D. Capeding, a case study of PAICOP. Exceeded budget due to extension of services	Sep-98	Closed	\$834.87				\$0.00	\$1,552.35	-\$717.48	-\$717.48		\$1,552.35	\$2,273,529.58
10	Pilot Bank Agreement	Pilot Bank Agreement Implementation	Oct-98	Open	\$72,895.87				\$0.00	\$60,064.78	\$12,831.09			\$60,064.78	\$2,213,464.80
11	Panganiban Book Publication	NRBSL Practices	Dec-98	Closed	\$8,461.54				\$0.00	\$7,753.77	\$707.77			\$7,753.77	\$2,205,711.03
12	Research Assistant-Roll-out	Luisa Cadiz, RA for Roll-out	Nov-98	Closed	\$3,010.90				\$0.00	\$6,417.42	-\$3,406.52	-\$3,406.52		\$6,417.42	\$2,199,293.61
13	Mindanao Fed. RB Meeting	Regional Conference	Dec-98	Closed	\$2,448.11				\$0.00	\$456.33	\$1,991.78			\$456.33	\$2,198,837.28
14	Enhancement of MicroBanker	Pilot Bank MIS Enhancement	Dec-98	Closed	\$13,282.07				\$0.00	\$13,976.59	-\$694.52	-\$694.52		\$13,976.59	\$2,184,860.69
15	RBAP Strategic Planning	Laurel Druben, ITI, fixed-price subcontract	Feb-99	Closed	\$32,996.50				\$0.00	\$25,091.26	\$7,905.24			\$25,091.26	\$2,159,769.43
16	NRBSL Exposure Trip	Pilot Bank Managers and staff trip to NRBSL	Feb-99	Closed	\$7,105.41				\$0.00	\$4,854.03	\$2,251.38			\$4,854.03	\$2,154,915.40
17	SGV Corporate Finance to RBAP	Canceled	Canceled	Canceled	\$0.00				\$0.00	\$0.00	\$0.00			\$0.00	\$2,154,915.40
18	Follow-up trip by Druben	Start up implementation of RBAP/RBRDFI Strategic Development Program	May-99	Closed	\$30,883.58				\$0.00	\$14,476.06	\$16,407.52			\$14,476.06	\$2,140,439.34
19	Training Modules with PBs	Pilot Banks Training Modules	May-99	Closed	\$2,629.48				\$0.00	\$920.44	\$1,709.04			\$920.44	\$2,139,518.90
20	New PBs	Workshop Orientation of new PBs done	June-99	Closed	\$8,284.27				\$0.00	\$4,907.72	\$3,376.55			\$4,907.72	\$2,134,611.18
21	Commodities and Support	Commodities assistance completed.	July-99	Open	\$178,096.78				\$0.00	\$115,180.72	\$62,916.06			\$115,180.72	\$2,019,430.46

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						Invoice 77 Apr 2004	Invoice 78 May 2004	Invoice 79 Jun 2004	Quarter 26 Total					Invoiced	Remaining
22	Training course for MF staff and PBs Supervisors	MF Workshop training course new PBs attended and participated by PBs.	Jul-99	Closed	\$19,211.43				\$0.00	\$14,800.02	\$4,411.41			\$14,800.02	\$2,004,630.44
23	ITI subcontract for presentation of finalized plan and full start-up implementaion of RBAP/RBRDFI Strategic Development Program	Presentation of finalized plan for RBAP/RBRDFI completed	Aug-99	Closed	\$36,543.00				\$0.00	\$34,456.02	\$2,086.98			\$34,456.02	\$1,970,174.42
24	Enhancement of PC Banker system for participant bank RB Ozamis	RB Ozamis PC Banker enhancement delivered	Sep-99	Closed	\$5,331.11				\$0.00	\$4,378.55	\$952.56			\$4,378.55	\$1,965,795.87
25	Internship training at Enterprise Bank for MFU of Sarangani and Montevista Banks	Internship completed.	Sep-99	Closed	\$530.97				\$0.00	\$528.57	\$2.40			\$528.57	\$1,965,267.30
26	Enhancement of MicroBanker system for participant banks	Microbanker for PBs enhancment completed	Sept-99	Closed	\$24,987.38				\$0.00	\$22,180.00	\$2,807.38			\$22,180.00	\$1,943,087.30
27	Workshop on Zero Tolerance on Past Due Loans	Zero Tolerance workshops completed	Sept-99	Closed	\$7,048.24				\$0.00	\$4,484.07	\$2,564.17			\$4,484.07	\$1,938,603.23
28	Canceled	Canceled	Canceled	Canceled	\$0.00				\$0.00	\$0.00	\$0.00			\$0.00	\$1,938,603.23
29	Enhancement of Loan & Savings Ledger	Enhancement of Loans & Savings Ledger completed.	Oct-99	Closed	\$5,440.16				\$0.00	\$4,756.67	\$683.49			\$4,756.67	\$1,933,846.56
30	Purchase of MBXD95+	Completed	Nov-99	Closed	\$10,442.84				\$0.00	\$9,398.15	\$1,044.69			\$9,398.15	\$1,924,448.41
31	Delinquency Measureement and Control Course	Course done and completed	Nov-99	Closed	\$569.75				\$0.00	\$223.32	\$346.43			\$223.32	\$1,924,225.09
32	Canceled	Canceled	Canceled	Canceled	\$0.00				\$0.00	\$0.00	\$0.00			\$0.00	\$1,924,225.09
33	ST consultancy of Guillermo Bolanos	Completed	Dec-99	Closed	\$22,550.00				\$0.00	\$27,441.91	-\$4,891.91	-\$4,891.91		\$27,441.91	\$1,896,783.18
34	Use of CLIN2 Funds for MABS expansion	On-going on MIS component.	Dec-99	Open	\$1,300,000.00				\$0.00	\$1,287,270.85	\$12,729.15		\$76.72	\$1,287,270.85	\$609,512.33
35	Canceled	Canceled	Canceled	Canceled					\$0.00	\$0.00	\$0.00			\$0.00	\$609,512.33
36	Orentation for Sr. Officers of new PBs	Orientation of done.	Jan-00	Closed	\$3,596.15				\$0.00	\$1,717.76	\$1,878.39			\$1,717.76	\$607,794.57
37	MicroBanker course microBanker loan module	Course conducted and completed	Jan-00	Closed	\$1,755.09				\$0.00	\$1,339.96	\$415.13			\$1,339.96	\$606,454.61
38	Microfinance staff training course	Participant Banks MF Training	Jan-00	Closed	\$6,378.00				\$0.00	\$5,061.67	\$1,316.33			\$5,061.67	\$601,392.94
39	Pilot Banks Reps. Consultation and Evaluation meeting	Pilot Banks Consultation and Evaluation meeting	Jan-00	Closed	\$150.00				\$0.00	\$135.25	\$14.75			\$135.25	\$601,257.69
40	Purchase of MicroBanker MBXD95+Software for RB Lebak	Rural Bank of Lebak MBXD95+software delivered	Jan-00	Closed	\$900.65				\$0.00	\$3,362.68	-\$2,462.03	-\$2,462.03	-\$2,569.40	\$3,362.68	\$597,895.01
41	Commodities and Support	PBA and Commodities Support	Feb-00	Open	\$105,057.52				\$0.00	\$71,999.57	\$33,057.95			\$71,999.57	\$525,895.44
42	Consultation and Evaluation meeting with roll out banks	Rollout banks and evaluation meet	Feb-00	Closed	\$1,767.61				\$0.00	\$1,487.51	\$280.10			\$1,487.51	\$524,407.93
43	Purchase of MicroBanker and related services Oroquieta/Green	Microbanker and related services of RB Oroquieta and Green Bank	Mar-00	Closed	\$5,707.20				\$0.00	\$1,598.63	\$4,108.57		\$2,569.40	\$1,598.63	\$522,809.30
44	Consultation and Planning Meeting with the RBAP ExeCom	RBAP Excom Consultation and Planning Meeting conducted.	Mar-00	Closed	\$618.75				\$0.00	\$311.57	\$307.18			\$311.57	\$522,497.73
45	Support Expansion to Branches	Support for expansion to branches	Apr-00	Open	\$35,750.00				\$0.00	\$1,226.42	\$34,523.58			\$1,226.42	\$521,271.31
46	Workshop on Cashflow Lending	Cashflow Lending Workshop of Rural Bankers in Mindanao completed	May-00	Closed	\$6,045.61				\$0.00	\$3,654.26	\$2,391.35			\$3,654.26	\$517,617.05
47	Enchancement for Hardcode Computer System for RB- Talisayan	Hardcode Computer System for RB Talisayan enhancement completed	May-00	Closed	\$4,778.67				\$0.00	\$4,122.73	\$655.94			\$4,122.73	\$513,494.32
48	Purchase of Microbanker MBXD95 and Software for CRB Bukidnon	Microbanker MBXD95 + Software for CRB Bukidnon delivered.	May-00	Closed	\$872.64				\$0.00	\$389.11	\$483.53			\$389.11	\$513,105.21

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49	Canceled	Canceled		Canceled					\$0.00	\$0.00	\$0.00			\$0.00	\$513,105.21
50	Consultation and Planning Workshop with RBAP and MABS Technical	RBAP and MABS Technical Consultation and Planning Workshop	Jun-00	Closed	\$1,561.90				\$0.00	\$1,125.51	\$436.39			\$1,125.51	\$511,979.70
51	Big Byte Savings & Loans System for RB of Montevista	Enhancement of Big ByteShoppe Savings & Loans System	Jan-00	Closed	\$5,136.79				\$0.00	\$4,113.04	\$1,023.75			\$4,113.04	\$507,866.66
52	SEEP/APPEND Financial Ratio Analysis Course	Technical staff attended Financial Ratio Analysis Course	Aug-00	Closed	\$537.78				\$0.00	\$243.52	\$294.26			\$243.52	\$507,623.14
53	MABS Phase out Consultative Meeting	Pilot Banks President, Gen. Manager and MFU Supervisor and MABS Management attended the Consultative Meeting	Sept-00	Closed	\$220.00				\$0.00	\$204.16	\$15.84			\$204.16	\$507,418.98
54	New RBAP Technical Staff Salaries & Support	On-going	Nov-00	Open	\$96,289.86		\$122.14	\$132.88	\$255.02	\$82,482.20	\$13,807.66			\$82,482.20	\$424,936.78
55	Training course for Sr. Management and MF Staff and Supervisors for Luzon and Visayas Banks	Conducted workshops/trainings in the Visayas and Luzon	Apr-01	Closed	\$9,085.71				\$0.00	\$6,754.41	\$2,331.30			\$6,754.41	\$418,182.37
56	Impact Evaluation Study	Evaluation completed	Jun-01	Closed	\$1,345.05		-\$175.36		-\$175.36	\$1,348.64	-\$3.59	-\$3.59		\$1,348.64	\$416,833.73
57	Travel to Hongkong of Ms. Solis & Pineda	Attended by Mrs. Solis and Mrs Pineda from RB of Sto Tomas.	Aug-01	Closed	\$3,478.16				\$0.00	\$2,982.62	\$495.54			\$2,982.62	\$413,851.11
58	Credit Reference Bureau Development Support	On-going	Sep-01	Open	\$2,480.43				\$0.00	\$1,778.53	\$701.90			\$1,778.53	\$412,072.58
59	Training on USAID admin and financial management requirements	Two MABS staff attened the training	Feb-02	Closed	\$717.05				\$0.00	\$0.00	\$717.05		\$721.70	\$0.00	\$412,072.58
60	Roundtable events for Senior Management	Conducted twice in Davao, and once in Dipolog City and Cebu City	Mar-02	Closed	\$4,536.53		-\$153.26		-\$153.26	\$4,434.02	\$102.51		\$84.69	\$4,434.02	\$407,638.56
61	Videos for RBAP-MABS	Produced videos of MABS successes	Mar-02	Closed	\$4,180.09				\$0.00	\$4,150.92	\$29.17		\$10.10	\$4,150.92	\$403,487.64
62	Strategic Planning for New Banks in Mindanao	Attended by Mgt. Staff of RB of Paglas, RB of Isulan and Maranao Bank	Apr-02	Closed	\$4,871.83				\$0.00	\$4,306.32	\$565.51			\$4,306.32	\$399,181.32
63	Funds for Three (3) Participant Rural Banks: Commodities and Other Support	On-going	Jun-02	Open	\$42,932.44		\$172.33	\$821.43	\$993.76	\$16,093.79	\$26,838.65			\$16,093.79	\$383,087.53
64	Funds for Conduct of the MFU Supervisor' Forum	Conducted in Dipolog in July 2002	Jul-02	Closed	\$1,768.05				\$0.00	\$844.26	\$923.79			\$844.26	\$382,243.27
65	N/A	Canceled	Canceled	Canceled	\$0.00				\$0.00	\$0.00	\$0.00			\$0.00	\$382,243.27
66	Funds for Participant Rural Bank: Commodities & Other Support	On-going	Sep-02	Open	\$8,461.54				\$0.00	\$193.44	\$8,268.10			\$193.44	\$382,049.83
67	Microfinance Supervisors' Forum #2 and 3 Mindanao Partners Banks	On-going	Oct-02	Closed	\$3,115.56				\$0.00	\$2,385.49	\$730.07			\$2,385.49	\$379,664.34
68	BSP Participation in the MABS Modular Training Course	On-going	Oct-02	Open	\$988.29				\$0.00	\$0.00	\$988.29			\$0.00	\$379,664.34
69	PDA Loan Collection Module Enhancement of the MB System	On-going	Jan-03	Open	\$857.45			\$122.80	\$122.80	\$519.03	\$338.42			\$519.03	\$379,145.31
70	MABS PSP Market Demand Study	Survey done March 27, 2003	Feb-03	Closed	\$639.17				\$0.00	\$528.87	\$110.30			\$528.87	\$378,616.44
71	Development/Production of RBAP/MABS Videos	Videos approved and delivered	Feb-03	Closed	\$3,142.36				\$0.00	\$2,480.13	\$662.23			\$2,480.13	\$376,136.31

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72	Development of MABS Technical Support Providers	On-going	Mar-03	Open	\$20,564.66				\$0.00	\$13,970.57	\$6,594.09			\$13,970.57	\$362,165.74
73	Senior Management Orientation for 6th Roll Out Banks	Done Mar 26-27, 2003	Mar-03	Closed	\$693.99				\$0.00	\$668.02	\$25.97			\$668.02	\$361,497.72
74	Microfinance Supervisors' Forum #4 and 5	On-going	May-03	Open	\$2,546.79				\$0.00	\$449.63	\$2,097.16			\$449.63	\$361,048.09
75	Global Summit for Women in Marakech	Attended by a delegate from RB of Tacurong	May-03	Closed	\$2,399.02				\$0.00	\$1,748.70	\$650.32			\$1,748.70	\$359,299.39
76	Funds for commodities and other support of three (3) participating banks	On-going	Jun-03	Open	\$9,409.12		\$719.82		\$719.82	\$1,729.98	\$7,679.14			\$1,729.98	\$357,569.41
77	MABS Training Materials for Web Production	On-going	Jul-03	Open	\$6,096.42				\$0.00	\$2,032.54	\$4,063.88			\$2,032.54	\$355,536.87
78	Support for BSP Training in MF Examination	Examiners training on microfinance conducted	Jul-03	Closed	\$1,392.80				\$0.00	\$992.00	\$400.80			\$992.00	\$354,544.87
79	Video Production for MABS Approach	On-going	Aug-03	Open	\$12,056.92				\$0.00	\$7,870.66	\$4,186.26			\$7,870.66	\$346,674.21
80	Support for RBAP Cost accounting system	On-going	Aug-03	Open	\$1,470.32				\$0.00	\$0.00	\$1,470.32			\$0.00	\$346,674.21
81	MSP Program Roll Out	On-going	Oct-03	Open	\$6,892.12	\$28.61	\$369.65		\$398.26	\$4,218.53	\$2,673.59			\$4,218.53	\$342,455.68
82	Microfinance Council	Attended by RB of Kapatagan Valley manager	Oct-03	Closed	\$278.63	\$93.05			\$93.05	\$200.28	\$78.35			\$200.28	\$342,255.40
83	2003 MABS ME Clients Survey	Survey done by Ateneo de Davao.	Nov-03	Closed	\$3,286.89				\$0.00	\$3,237.43	\$49.46			\$3,237.43	\$339,017.97
84	MABS Rollout Support Program for Rural Banks	On-going	Nov-03	Open	\$33,723.02		\$4,821.43	\$535.71	\$5,357.14	\$5,357.14	\$28,365.88			\$5,357.14	\$333,660.83
85	MABS support to train other MABSTeRs	On-going	Jan-04	Open	\$1,227.28				\$0.00	\$580.23	\$647.05			\$580.23	\$333,080.60
86	MABS support for 2 other banks in AARM/CAAM	On-going	Apr-04	Open	\$11,273.93		\$3.21		\$3.21	\$192.50	\$11,081.43			\$192.50	\$332,888.10
87	RB2000 User Conference	On-going	Feb-04	Open	\$4,404.10	\$350.59			\$350.59	\$737.51	\$3,666.59			\$737.51	\$332,150.59
88	Video Production for EAGLE Awards 2004	On-going	Feb-04	Open	\$4,743.66	\$2,159.51		\$338.53	\$2,498.04	\$4,394.09	\$349.57			\$4,394.09	\$327,756.50
89	Video Production for EAGLE Awards 2004	On-going	Feb-04	Open	\$3,071.81	-\$1,613.78	-\$17.85	\$3,181.85	\$1,550.22	\$1,665.60	\$1,406.21			\$1,665.60	\$326,090.90
90	Performance Monitoring System Training	On-going	Feb-04	Open	\$2,421.96		\$1,093.34	\$240.57	\$1,333.91	\$1,333.91	\$1,088.05			\$1,333.91	\$324,756.99
91	MABS Rollout Support Program for 10 Additional Rural Banks	On-going	May-04	Open	\$13,494.06				\$0.00		\$13,494.06				\$13,494.06
SUBTOTAL					\$2,364,898.53	\$1,017.98	\$6,955.45	\$5,373.77	\$13,347.20	\$2,000,876.16	\$364,022.37	-\$15,513.26	\$893.21	\$2,000,876.16	\$338,251.05
General & Administrative Costs						\$45.82	\$312.98	\$241.83	\$600.63	\$88,490.91			\$44.66	\$88,490.91	\$6,972.62
Fee						\$53.19	\$363.44	\$280.77	\$697.40	\$104,494.34			\$42.20	\$104,494.34	\$15,576.72
GRAND TOTAL						\$1,116.99	\$7,631.87	\$5,896.37	\$14,645.23	\$2,193,861.41			\$980.07	\$2,193,861.41	\$360,800.39

MABS Philippines Home Office Reports Tracker
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Technical Deliverables	Submitted By	Report Date	Submitted to CDIE
An Alternative Approach to Rural Financial Intermediation (The Philippine Experience)	Meliza Agabin/Jorge L. Daly	May 1, 1996	Yes
A Survey of Microenterprise Client of MABS Partner Banks Survey Results, Sampling and Data Tables	M. Agabin/C. Cornejo/D. Capeding	September 1, 2001	Yes
BSP Inception Report	Carlos Alba	October 1, 2002	Yes
BSP Examination and CAMELS Manual for Microfinance Loans	Carlos Alba	February 1, 2003	Yes
Cash Flow Lending and Loan Pricing Seminar Repo	Andres Panganiban	December 1, 1998	Yes
Completion Report (Seminar on Microfinance Products of Rural Bank of Talisayan) (final draft)	Chemonics International	November 14, 1998	Yes
Consultancy Completion Report	Ms. C.y. Nunez-Ollero	August 3-27, 1998	Yes
Consultancy Completion Report	Ms. Meliza H. Agabin	September 15, 1998	Yes
Deposits & Loan Management System Stud	Peter Glibbery	April 1, 1999	Yes
Evaluation of the Pilot Phase of MABS-M Program	Virginia Abiad	March 22, 1999	Yes
Familiarization with Related USAID Projects (MABS-M Brief)	Chemonics International	September 1, 1998	Yes
Feasibility Study: Expanding MABS' Outreach to Muslim Clients	L. Doerring/R. Quinones/C. Cornejo	April 20, 2001	Yes
First Operations Review of NMTK Micro Loan of Enterprise	C. Didiquin/B. Bunao/R. Quinones	March 2002	Yes
Innovations to Increase Access to Microcredit	Gerald Andersen	September 1, 1998	Yes
Private Service Provider Installation of MABS Approach	Michael Alcorn	November, 2002	Yes
MABS Service Provider Program	Michael Alcorn	May 1, 2003	Yes
Microenterprise Sector Study	Raika Quinones	Jun-97	Yes
RBAP Strategic Development Plan 2000-2005	Laurel Druben	May 1, 1999	Yes
Microenterprise Survey Report - Digos, Davao Del Sur	Arah Limpao & Raika Quinones	Feb-99	Yes
Microenterprise Survey Report - Sto. Tomas, Davao Province	Arah Limpao & Raika Quinones	Feb-99	Yes
Microfinance and the Bank Regulatory Environment	Bill Pendleton	September 25, 1998	Yes
Mindanao Rural Banks: Funding Sources and Credit Programs for Microenterprises (Final Draft)	Meliza Agabin & Arah Limpao-Osop	December 1, 1998	Yes
MIS Assessment of Candidate Pilot Bank	Peter Glibbery & A. Petalcorin	Aug-98	Yes
Panabo Agro-Industrial Cooperative An Integrated Rice Commodity System (A Case Study)	Dehlia Capeding	December 1, 1998	Yes
Reports on Financial Trends in Mindanao		May 1, 2002	Yes
Rural Bank Market Survey	Arah Sadava	October 1, 2002	Yes

Annex 1.3 Reports Tracker

Rural Banks and Microfinancing	Joseph Y. Lim	December 1, 1998	Yes
Service Provider Feasibility Study		February 1, 2002	Yes
Training Program Report	Bill Pendleton	September 30, 1998	Yes
Market Study to Expand Microfinance in MABS Bank	Anita Campion	October, 2003	Yes
MABS Technical Assistance Manual			Yes
Work Plans	Submitted By	Report Date	Submitted to CDIE
Year 1 Work Plan (1998)	Chemonics International	Dec-97	Yes
Year 2 Work Plan (1999)	Chemonics International	Dec-98	Yes
Year 3 Work Plan (2000)	Chemonics International	Dec-99	Yes
Year 4 Work Plan (2001)	Chemonics International	Dec-00	Yes
Year 5 Work Plan (2002)	Chemonics International	Dec-01	Yes
Year 6 Work Plan (2003)	Chemonics International	Dec-02	Yes
Quarterly Progress Reports	Submitted By	Report Date	Submitted to CDIE
Quarterly Performance Monitoring Report (First)	Chemonics International	April 1, 1998	Yes
Quarterly Performance Monitoring Report (Second)	Chemonics International	July 1, 1998	Yes
Quarterly Performance Monitoring Report (Third)	Chemonics International	October 1, 1998	Yes
Quarterly Performance Monitoring Report (Fourth)	Chemonics International	January 1, 1999	Yes
Quarterly Performance Monitoring Report (Fifth)	Chemonics International	April 1, 1999	
Quarterly Performance Monitoring Report (Sixth)	Chemonics International	July 1, 1999	Yes
Quarterly Performance Monitoring Report (Seventh)	Chemonics International	October 1, 1999	Yes
Quarterly Performance Monitoring Report (Eighth)	Chemonics International	January 1, 2000	Yes
Quarterly Performance Monitoring Report (Ninth)	Chemonics International	April 1, 2000	Yes
Quarterly Performance Monitoring Report (Tenth)	Chemonics International	July 1, 2000	Yes
Quarterly Performance Monitoring Report (Eleventh)	Chemonics International	October 1, 2000	Yes
Quarterly Performance Monitoring Report (Twelfth)	Chemonics International	January 1, 2001	
Quarterly Performance Monitoring Report (Thirteenth)	Chemonics International	April 1, 2001	Yes
Quarterly Performance Monitoring Report (Fourteenth)	Chemonics International	July 2001	Yes
Quarterly Performance Monitoring Report (Fifteenth)	Chemonics International	November 1, 2001	Yes
Quarterly Performance Monitoring Report (Sixteenth)	Chemonics International	February 1, 2002	Yes
Quarterly Performance Monitoring Report (Seventeenth)	Chemonics International	May 1, 2002	Yes
Quarterly Performance Monitoring Report (Eighteenth)	Chemonics International	July 1, 2002	Yes
Quarterly Performance Monitoring Report (Nineteenth)	Chemonics International	November 1, 2002	Yes
Quarterly Performance Monitoring Report (Twentieth)	Chemonics International	February 1, 2003	Yes
Quarterly Performance Monitoring Report (Twenty-first)	Chemonics International	April 1, 2003	Yes
Quarterly Performance Monitoring Report (Twenty-second)	Chemonics International	July 1, 2003	Yes
Quarterly Performance Monitoring Report (Twenty-third)	Chemonics International	October 1, 2003	Yes
Quarterly Performance Monitoring Report (Twenty-fourth)	Chemonics International	1-Jan-04	Yes
Quarterly Performance Monitoring Report (Twenty-fifth)	Chemonics International	1-Apr-04	Yes

Microenterprise Access to Banking Services (MABS) Program April 2004 Highlights

MABS Team Provides Best Practice Microfinance Orientation Seminar for the Department of Social Welfare and Development (DSWD)

The RBAP-MABS Program provided an orientation seminar on microfinance to staff from DSWD on April 15 in Quezon City. DSWD organized the seminar to orient their regional project evaluation officers on best practices in microfinance. This is part of the agency's steps towards improving their microfinance services.

The Credit Union Empowerment and Strengthening (CUES) Project, a USAID-supported program that assists Philippine credit cooperatives, also participated in the orientation seminar.

ARMDEV Expands *MABS Approach* Training & Technical Services to more Rural Banks in the Visayas

After completing its second Luzon rollout last March, MABS Service Provider Associated Resources for Management and Development, Inc. (ARMDEV) started providing the *MABS Approach* Training & Technical services to four more Visayas-based Rural Banks in April. ARMDEV consultants delivered the classroom training on Market Research and started providing technical assistance to the four banks.

USAID Recognized for Support to MABS Program during the 51st RBAP Annual National Convention

The Rural Bankers Association of the Philippines held its 51st Annual National Convention in Cebu City on April 22 and 23. Consistent with the theme - *Rural Banks: The Ideal Partners in Countryside Development*- the convention focused on the latest rural banking industry developments, initiatives, policy issues, and technologies that have made significant contributions to the rural economy. The rollout of Rural Banker 2000, a rural banking software program developed by the RBAP-MABS Program, and the ongoing *MABS Approach* Training and Technical Services (MATTS) installations were among the new rural bank technologies and products that were highlighted during the convention.



During the RBAP National Convention, RBAP, represented by its President, Daniel Arcenas (right), presented a Plaque of Appreciation to USAID, represented by Economic Growth Advisor Robert Barnes (left) and USAID Cognizant Technical Officer Teresita Espenilla (center), in recognition of the USAID's contribution to rural development through the RBAP-MABS Program.

RBAP also awarded a Plaque of Appreciation to USAID for their support to the MABS Program over the past six years.

A Memorandum of Agreement (MOA) between the RBAP and the Bankers Association of the Philippines Credit Bureau (BAP-CB) was also signed during the convention. The agreement expands the RBAP's member banks access to BAP-CB's negative file information system (NFIS), a database of borrowers and clients with bad credit records. Expanded access to the NFIS is expected to facilitate credit checking and should minimize rural banks' credit risks. Under the MOA, BAP-CB will work with RBAP and the Rural Bank Federations to extend geographical coverage of the NFIS and allow subscription fees to be utilized to cover costs of Federation personnel who will coordinate the NFIS data collection activities.

During one of the convention's sessions, participating Rural Bankers under the USAID-supported MABS Program provided a series of presentations that highlighted their experiences and lessons learned in the areas of microenterprise market research, microfinance product development, developing a zero tolerance toward loan delinquency, preparing financial projections for their microfinance operations, and the adoption of appropriate management information systems (MIS) in order to support and manage financial services, both deposits and loans, for microenterprises.



Incoming directors and officers of RBAP for the period 2004-2005.

MABS Approach Loan Administration and Management Module Completed for Five Luzon Banks

MABS Service Provider (MSP) Punla sa Tao Foundation completed the classroom training on the Loan Administration and Management Module on April 2 in Naga City. Eighteen participants from five Bicol-based rural banks attended the training. The banks will be given on-site technical assistance on the module in the coming weeks and are expected to start offering microenterprise loan services and expanding micro deposit services in May.

Microenterprise Access to Banking Services (MABS) Program May 2004 Highlights

MABS Performance Monitoring System Rolled Out to Participating Rural Banks

A total of 72 microfinance unit staff members from 36 participating banks (PBs) were oriented to and trained on the MABS Performance Monitoring System (MPMS) during three separate seminars in May. Seminars were held in Cagayan de Oro City for Northern Mindanao and Visayas PBs, Davao City for Southern Mindanao PBs, and in Manila for Luzon PBs.

The MPMS was developed in 2003 to improve the monitoring of PBs' performances. The new system automates all reporting at the bank level and allows banks to better monitor the performance of their microfinance operations at the branch level.



The participants received hands-on training in inputting data, importing and exporting data, and in generating reports. The exercises also included setting up transaction data and reconciling record entries. The MABS technical team also discussed the new features of the MPMS.

RBAP President Attends Global Network for Banking Innovation in Microfinance Meeting in Mexico City

RBAP President Daniel Arcenas attended the Global Network for Banking Innovation in Microfinance annual meeting in Mexico City. The Global Network for Banking Innovation in Microfinance includes leaders from banks and other regulated financial institutions that share experiences in how banks can profitably provide microfinance services. Some of the new innovations included the development of loan scoring methods that are highly reliable in predicting the probability of repayment based on clients' characteristics and can significantly expand client outreach. Sessions were held on mobilizing remittances for microfinance, innovations in housing microfinance, the use of smart cards for microfinance to expand outreach, credit bureaus in microfinance – reducing cost and risk.

Luzon Microfinance Refresher Course

Thirty-six participants from 11 Luzon MABS PBs attended a microfinance (MF) refresher course held from May 17 to 21 in Intramuros, Manila. The topics discussed during the course include: microfinance best practices, credit and background

investigation (CI/BI), cashflow lending, zero tolerance toward loan delinquency, and remedial loan management. Participants reviewed case studies in order to improve skills to interview clients and analyze a client's cashflow. Four new topics – time management, marketing, service quality, and salesmanship – were discussed during the MF refresher course. The introduction of the new topics focused on improving the productivity and outreach of MABS Participating Banks.



Luzon MF Refresher Course participants during a group workshop.

RBAP President Presents at Asia Society in New York City

RBAP President Daniel Arcenas was a panelist in the *Innovations in Microfinance: Spotlight on Financial Integration* conference held at the Asia Society meeting in New York City on May 18. The conference was sponsored by Women's World Banking and Deutsche Bank. Mr. Arcenas gave a presentation entitled *Microfinance as the Engine for Efficiency and Profitability in Rural Banks*.

MABS PBs' Clients Win Major Citigroup Microentrepreneur of the Year Awards

Three MABS participating banks' clients won major awards in the 2004 Citigroup Microentrepreneur of the Year Awards. Orlando Dulay, owner of a *buko* pie-manufacturing business and a client of First Isabela Cooperative Bank, was named the Luzon *Maunlad* Awardee. Elma Garan, who repacks spices into retail packets and is a client of the Rural Bank of Sto. Tomas, is the Mindanao *Maunlad* Awardee. Rubie Caina, a bakery and sari-sari storeowner and a microloan client of the Rural Bank of Talisayan Inc., won the Mindanao *Masikap* Award.

The awards - sponsored by Citigroup Philippines, along with the Microfinance Council of the Philippines and the Bangko Sentral ng Pilipinas (BSP) - aim to recognize successful microentrepreneurs in the Philippines and to create a greater public awareness on the role of microfinance and microenterprises toward employment generation and poverty reduction. The formal awarding ceremonies will be held on June 4 in front of the BSP.

Microenterprise Access to Banking Services (MABS) Program June 2004 Highlights

Jewelry Appraisal Training Course

To prepare MABS Participating Banks (PBs) for the rollout of jewelry loans, a jewelry appraisal course was conducted June 3-5 in Davao City, Mindanao. Twenty-one representatives from eight Mindanao PBs attended the workshop. Participants learned different techniques for appraising gold, diamonds, and other gemstones.

The MABS Program is assisting PBs with the development of microfinance (MF) jewelry loans. Microenterprise clients who do not qualify for regular microenterprise loans or who need loans immediately can obtain loans through jewelry pledges. Although they carry about the same interest rates as regular MF loans, jewelry loans have a relatively short processing time and can be released after appraisal of the pledged asset.

Luzon Microfinance Supervisors' Forum

Thirteen managers and MF supervisors from nine Luzon PBs attended the 2nd Luzon MF Supervisors Forum held June 22 - 23 in Manila.



A small group discussion during the 2nd Luzon Microfinance Supervisors' Forum.

The Forum aimed to enhance effective supervision by providing supervisors with additional skills in staff management. During the Forum, participants shared actual challenges in the work place and outlined corrective and preventive measures. The microfinance performance of each bank was also reviewed.

The following topics were discussed during the Forum: the roles of the supervisor, corrective and preventive approaches to problem solving, productive conflict management, harnessing Filipino values for team building, and enhancing staff discipline and motivation

PBs Loans Disbursements Top PhP4 Billion

The cumulative amount of loans disbursed by MABS PBs since 1999 has exceeded PhP4 billion (US\$71.4 million). Since 1999, MABS' 137 PB units have disbursed a total of PhP4.03 billion in 377,142 loans to more than 132,000 new micro borrowers. The number of micro deposit accounts has increased by more

than 224,000 over the last five years. The total amount of micro deposits mobilized has also increased by more than PhP345 million (US\$6.1 million).

MABSTeRS Training

MABS conducted a workshop from June 27 to July 3 in Cagayan de Oro City, Mindanao to train the third batch of MABS Technical Resource Specialists (MABSTeRS). Thirteen MF staff members from eight Mindanao PBs completed the seven-day training.

The MABSTeRS Program taps qualified managers and supervisors of PBs and trains them to provide MABS training and technical services to other rural banks. Two previous batches of specialists were trained in August 2003 and February 2004.

The modules presented during the workshop were: MF best practices, credit and background investigation, cashflow analysis, zero tolerance towards delinquency, service quality, and marketing.

Savings Mobilization Workshop

MABS consultants conducted an on-site savings mobilization workshop at the Rural Bank of Tacurong from June 30 to July 2 in Tacurong, Sultan Kudarat. The workshop served as a pilot-test for the savings mobilization module, which was developed to form part of MABS' standard training modules.

RBAP Board Induction

Bangko Sentral ng Pilipinas Governor, Rafael Buenaventura, swore into office the Rural Bankers Association of the Philippines (RBAP) Board of Directors for the fiscal year 2004-2005. The induction was held on June 30 in Manila.

In his acceptance speech, Mr. Senen Glorioso, the new RBAP President, outlined his priority programs. The expansion of microfinance services to the countryside through the installation of the *MABS Approach* was among the programs that he cited.



BSP Governor Rafael Buenaventura (front row, center) with the RBAP Board of Directors 2004-2005.

MABS BANKS MICROFINANCE PERFORMANCE REPORT
CONSOLIDATED - BY AREA OF OPERATION (LUZON, VISAYAS AND MINDANAO)
JUNE 2004

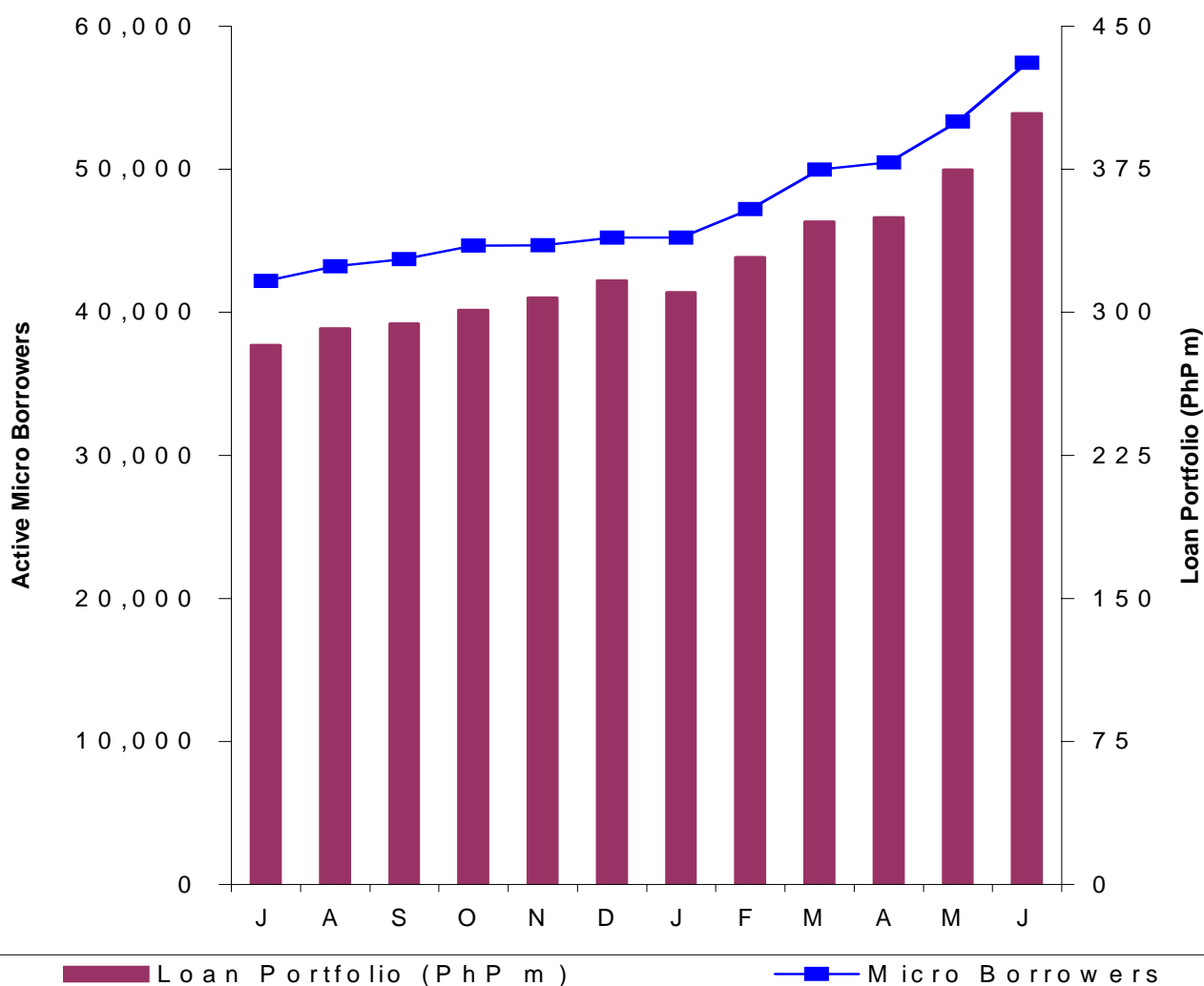
PERFORMANCE DATA	LUZON	VISAYAS	MINDANAO	TOTAL
Number of banks (lending)	18	3	24	45
Number of participating branches (lending)	49	10	87	146
Number of participating branches (trained/on-training)	13	5	3	21
Total number of participating branches	62	15	90	167
Total number of banks	31	8	27	66
Number of active borrowers outstanding	10,016	2,004	45,424	57,444
Number of new borrowers	1,075	206	4,276	5,557
Number of repeat loans	1,497	584	6,503	8,584
Loan portfolio balance	83,168,745	20,046,039	301,145,094	404,359,878
Net change in number of deposit accounts	3,440	3,963	213,682	221,085
Net change in deposit balance	30,241,046	7,303,862	314,878,976	352,423,884
Number of microfinance field staff	117	31	368	516
Number of microfinance field staff per branch	2	3	4	4
Number of loans disbursed during the month	2,505	790	10,779	14,074
Cumulative number of new borrowers	12,429	3,734	121,598	137,761
Cumulative number of loans disbursed	30,178	13,355	347,365	390,898
Amount of loans disbursed during the month	39,876,700	12,689,000	124,217,000	176,782,700
Cumulative amount of loans disbursed	515,774,624	190,753,367	3,507,120,700	4,213,648,691
Portfolio at risk more than 7 days	3,360,257	196,530	14,221,979	17,778,766
Portfolio at risk more than 7 days (%)	4.04%	0.98%	5.41%	4.86%
Portfolio at risk more than 30 days	2,076,001	115,506	11,250,263	13,441,770
Portfolio at risk more than 30 days (%)	2.50%	0.58%	4.28%	3.67%

MONTHLY INCOME AND EXPENSE	LUZON	VISAYAS	MINDANAO	TOTAL
Financial income				
Interest income on loans	3,585,869	1,016,371	23,183,725	27,785,965
Service charge	1,317,448	399,022	10,895,148	12,611,618
Penalty fee on loans	194,676	26,537	784,606	1,005,819
Total financial income	5,097,993	1,441,930	34,863,479	41,403,402
Total financial expense	544,931	24,320	3,200,644	3,769,895
Gross financial margin (spread)	4,553,062	1,417,610	31,662,835	37,633,507
Loan loss provision	339,812	40,664	1,287,057	1,667,533
Net financial margin	4,213,250	1,376,946	30,375,778	35,965,974
Direct operating expenses	-	-	-	-
MFU salaries and benefits	878,619	239,936	3,512,490	4,631,045
Gross receipts tax	161,895	5,395	1,005,271	1,172,561
Depreciation	60,593	78,219	344,367	483,179
Transportation	84,615	30,835	370,142	485,592
Supplies	60,600	38,309	113,945	212,854
Communication	17,165	11,322	66,692	95,179
Others	199,512	25,468	710,638	935,618
Total direct operating expenses	1,462,999	429,484	6,123,545	8,016,028
Training and professional fees	106,270	-	66,555	172,825
Net income before indirect expenses	2,643,981	947,462	24,185,678	27,777,121
Indirect expenses	414,632	64,529	1,576,486	2,055,647
Net income (loss)	2,229,349	882,933	22,609,192	25,721,474

Micro Loan Portfolio

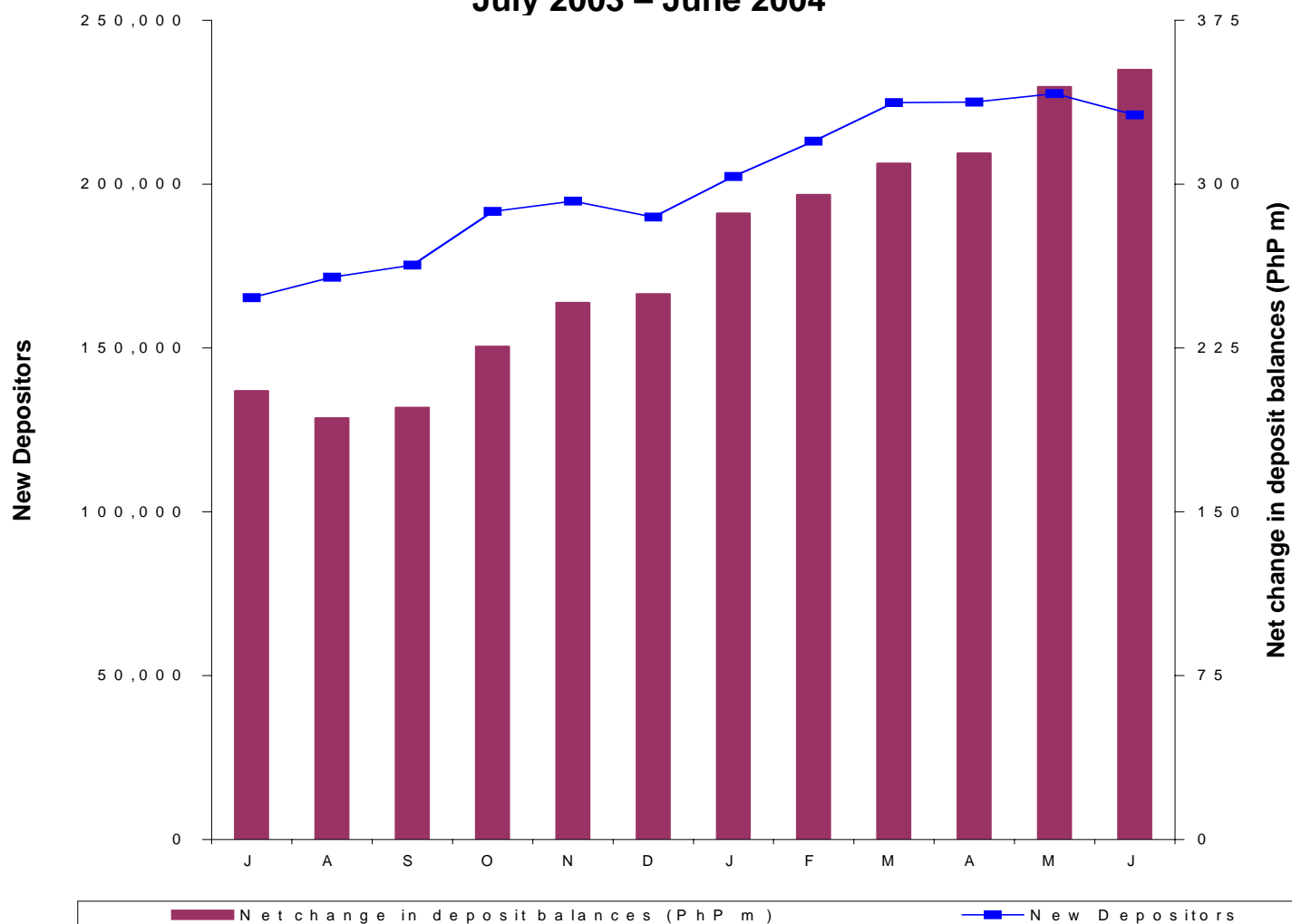
MABS Participating Banks

July 2003 – June 2004



	Loan Portfolio (PhP m)	Active Micro Borrowers
Jul-03	282.88	42,202
Aug-03	291.65	43,226
Sep-03	294.18	43,717
Oct-03	301.32	44,658
Nov-03	307.66	44,683
Dec-03	316.71	45,216
Jan-04	310.56	45,228
Feb-04	329.02	47,222
Mar-04	347.69	49,978
Apr-04	349.94	50,476
May-04	374.93	53,344
Jun-04	404.36	57,444

Growth in Micro Savings Deposits* **MABS Participating Banks** **July 2003 – June 2004**



	Net Change in Deposit Balances (PhP m)	New Depositors
Jul-03	205.40	165,319
Aug-03	193.76	171,603
Sep-03	198.81	175,269
Oct-03	225.69	191,662
Nov-03	245.79	194,778
Dec-03	249.75	189,906
Jan-04	286.69	202,295
Feb-04	295.18	213,060
Mar-04	309.51	224,835
Apr-04	314.20	225,007
May-04	344.58	227,603
Jun-04	352.42	221,085

* Deposit balance and depositors exclude baseline deposit balance and depositors when MABS started to work with the rural bank.